

CITY OF ABILENE, KANSAS
FINANCIAL STATEMENT
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

CITY OF ABILENE, KANSAS

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Pottberg, Gassman & Hoffman, Chtd.

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Abilene, Kansas and its component unit, the Public Building Commission, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City of Abilene, Kansas' management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The financial statement referred to above includes the financial data of one of the component units of the City of Abilene, Kansas, the Public Building Commission as of December 31, 2011.

As described more fully in Note 1, the City of Abilene, Kansas has prepared this financial statement on the statutory basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph and because it does not include the financial data of all component units of the City of Abilene, Kansas, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Abilene, Kansas, as of December 31, 2011, or the changes in its financial position for the year then ended. Further, the City of Abilene, Kansas has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and unencumbered cash balances of each fund of the City

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Public Accountants



of Abilene, Kansas and its component unit, the Public Building Commission, as of December 31, 2011, and its cash receipts and expenditures, for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012, on our consideration of the City of Abilene, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures - actual and budget, individual fund schedules of cash receipts and expenditures - actual and budget, schedule of cash receipts and expenditures - agency funds, (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
August 10, 2012

CITY OF ABILENE, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:							
General Fund	\$ 2,100,536	-	6,647,449	4,655,930	4,092,055	533,637	4,625,692
Special Revenue Funds:							
Airport Fund	54,334	-	815,330	1,177,853	(308,189)	330,217	22,028
Fire Apparatus	43,702	-	33,334	15,366	61,670	-	61,670
Special Park and Recreation	31,890	-	53,291	44,605	40,576	8,800	49,376
Special Alcohol and Drug	25,904	-	12,573	6,053	32,424	-	32,424
Library	-	-	259,256	259,256	-	-	-
Tourism and Convention	21,148	-	235,283	252,728	3,703	483	4,186
Special Street	136,223	-	426,199	428,625	133,797	-	133,797
Recreation	134,019	-	400,642	403,310	131,351	1,710	133,061
Special Liability	16,067	-	-	-	16,067	-	16,067
Capital Improvement	296,356	-	128,056	-	424,412	-	424,412
Equipment Reserve	170,266	-	140,696	159,457	151,505	93,688	245,193
Community Center	153,390	-	199	-	153,589	-	153,589
Library / Pool Renovation	210,971	-	454,539	418,690	246,820	-	246,820
Debt Service Fund:							
Bond and Interest	47,415	-	674,661	691,613	30,463	-	30,463
Capital Projects Funds:							
The Highlands Addition	506,372	-	537	262,817	244,092	-	244,092
PBC Hospital Project	-	-	7,760,000	114,367	7,645,633	-	7,645,633

The notes to the financial statement are an integral part of this statement.

CITY OF ABILENE, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH FOR THE YEAR ENDED DECEMBER 31, 2011

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Proprietary Type Funds:							
Enterprise Funds:							
Water Utility	246,471	-	1,552,247	1,645,343	153,375	7,147	160,522
Wastewater Utility	1,888,726	-	1,466,058	1,417,163	1,937,621	41,261	1,978,882
Equipment Reserve - Water	561,280	360	708	14,607	547,741	-	547,741
Equipment Reserve - Sewer	203,103	-	25,263	-	228,366	-	228,366
Recycling Fund	334,171	-	124,117	120,831	337,457	368	337,825
Storm Drain	468,716	3,399	78,132	10,528	539,719	-	539,719
Total Reporting Entity (Excluding Agency Fund)	<u>7,651,060</u>	<u>3,759</u>	<u>21,288,570</u>	<u>12,099,142</u>	<u>16,844,247</u>	<u>1,017,311</u>	<u>17,861,558</u>
Composition of Cash:							
				Petty Cash		\$	931
				Checking Account			5,946,479
				Money Market			351,906
				UMB Trust Account			7,645,633
				Certificates of Deposit			3,921,954
				Total Cash			<u>17,866,903</u>
				Agency Fund Per Page 34			<u>(5,345)</u>
				Total Reporting Entity (Excluding Agency Fund)		\$	<u>17,861,558</u>

The notes to the financial statement are an integral part of this statement.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **General Statement**

The City of Abilene, Kansas (City) was chartered March 16, 1868 and provides the following services as authorized by its charter: public works, public safety, recreation and waterworks.

The Abilene, Kansas Public Building Commission (PBC), a municipal corporation, was organized in 2007 by the governing body of the City pursuant to the Act and Ordinance No. 3098 of the City. The powers of the PBC were expanded by the governing body of the City pursuant to Charter Ordinance No. 21.

The more significant accounting policies of the City are described below.

B. **Financial Reporting Entity**

The City of Abilene, Kansas is a municipal corporation governed by an elected five-member Commissioner-Manager form of government. This financial statement presents the City of Abilene, Kansas (the primary government), and a component unit, the PBC. The component unit is included in the City's reporting entity because of its operational or financial relationship with the City. The governing body of this component unit is appointed by the governing body of the City and consists of five members who are the current members of the City's governing body.

C. **Fund Accounting**

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific regulations, restrictions, or limitations. Certain funds contain restricted cash because their use is limited by debt covenants, statutory requirements, grant requirements or are held in a fiduciary or agency capacity.

The following types of funds comprise the financial activities of the City for the year of 2011:

Governmental Funds:

General Fund – The General Fund is the main operating fund of the City. This Fund is used to account for all financial resources not accounted for in other funds and is therefore, unrestricted.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are restricted by law or administrative action to expend for specified purposes as defined by 2011 Kansas Municipal Audit Guide.

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

Capital Project Funds – The Capital Project Funds are used to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. **Fund Accounting (Continued)**

Proprietary Funds:

Enterprise Funds – The Enterprise Funds are used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expenditures) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. These funds include: Water Utility, Equipment Reserve – Water, Equipment Reserve – Sewer, Recycling, Wastewater Utility, and Storm Drain.

Fiduciary Funds:

Trust and Agency Funds – The Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust Funds and Agency Funds.

D. **Statutory /Basis of Accounting**

The statutory basis of accounting, as used in the preparation of this statutory basis financial statement, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

E. **Departure from Generally Accepted Accounting Principles**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance Sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of the fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital Assets that account for the land, buildings and equipment

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Departure from Generally Accepted Accounting Principles (Continued)

owned by the City are not presented in the financial statement. Also long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

F. Budgetary Information

Kansas statutes require that an annual operating budget be adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was a budget amendment in the Tourism and Convention Fund in December 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or a contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds, capital project funds, and permanent funds. Budgetary information is presented in the supplemental schedules.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

2. **DEPOSITS AND INVESTMENTS**

As of December 31, 2011, the City had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities (in Years)</u>	<u>Rating</u>
Money Market Treasury	\$7,645,633	NA (weighted average maturity 49 days)	S&P AAAM

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 10-131 limits the City's investment of bond proceeds. The money market treasury fund used by the City meets these requirements. The City has no investment policy that would further limit its investment choices. The rating of the City's investments is noted above.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated 'peak periods' when required coverage is 50%. The City has no designated 'peak periods.' All deposits were legally secured at December 31, 2011.

At December 31, 2011 the carrying amount of the City's deposits, including certificates of deposit, was \$10,221,270 and the bank balance was \$10,368,389. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance and \$9,618,389 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The money market fund shares are not guaranteed by the U.S. government and are subject to risk even though they contain 43.2% U.S. Treasury securities and 56.8% repurchase agreements collateralized by U.S. Treasury securities.

3. **SPECIAL ASSESSMENTS**

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

4. **LEASE COMMITMENTS**

During 2009, the City entered into a non-cancelable operating lease for a copier for the Convention and Visitors Bureau. For the year ended December 31, 2011, lease expenditures for the copier approximated \$2,048. The future minimum lease payments are as follows:

2012	\$2,967
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In 2011, the City entered into a non-cancelable operating lease for a copier for the City offices. For the year ended December 31, 2011, lease expenditures approximated \$4,564. The future minimum lease payments are as follows:

2012	\$4,694
2013	\$4,694
2014	\$4,694
2015	\$4,694
2016	\$4,694

5. **DEFINED BENEFIT PENSION PLAN**

Plan Description. The City contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901; *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for employees hired prior to July 1, 2009 and 6% of covered salary for employees hired on or after July 1, 2009. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The KPERS employer rate established for calendar year 2011 is 7.74%. The City's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$115,596, \$100,489 and \$88,004 respectively, equal to the required contributions for each year as set forth by the legislature. The KP&F employer rate established for fiscal years beginning in 2011 is 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2011, 2010 and 2009 were \$141,807, \$115,909, and \$121,411 respectively, equal to the required contributions for each year as set forth by the legislature.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

6. OTHER POST-EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The City pays 50% of the premium until age 62 to retirees with 10 or more years of service and each retiree is responsible for the balance. During the year ended December 31, 2011, approximately three retirees participated in this plan and the local government paid \$10,940 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

7. DEVELOPMENT SURETY DEPOSITS

Under City statutes, the developers of certain subdivisions are required to provide security bonds from a surety bonding company payable to the City until the improvements are completed. In lieu of the surety bond, the developer may provide a surety deposit to the City to be held until the improvements are completed and deemed acceptable. The City entered into one such deposit agreement with the developer of the Highlands Addition. In 2008, the developer provided a deposit in the amount of \$262,869 and paid up front engineering costs of \$361,865 for the project. Through a supplemental agreement, the developer is being allowed to utilize this escrow account to make special assessment payments for undeveloped lots. At the present rate of use, this account will be depleted in December 2012. The supplemental agreement makes the surety clause null and void.

8. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Tourism and Convention	K.S.A. 12-1696	25,000
General Fund	Equipment Reserve	K.S.A. 12-1,117	140,500
General Fund	Capital Improvement	K.S.A. 12,825d	100,000
Water – Commercial	General Fund	K.S.A. 12,825d	72,500
Recycling	General Fund	K.S.A. 12-825d	4,860
Sewer Fund	Equipment Reserve – Sewer	K.S.A. 12-825d	25,000
Sewer Fund	General Fund	K.S.A. 12-825d	84,000
Storm Drainage	General Fund	K.S.A. 12-825d	4,020

9. 2010 FINANCIAL DATA

The amounts shown for 2010 in the supplemental schedules are included where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

Rounding variances may also exist between amounts reported for the 2010 calendar year in these supplemental schedules and the amounts reported in the 2010 audited financial statements. The 2010 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

10. LONG TERM DEBT

Construction started in 2012 for the East 1st Street Project. The project cost is estimated to be \$3,357,410 and is funded through \$2,200,000 in bonds issued in 2011 (see 2011 Series below), \$150,000 from the Equipment Reserve-Water fund, \$350,000 from the Storm Drain Fund, and the remainder from the General Fund. The project is expected to be completed in 2012.

On December 9, 2011, the Public Building Commission, a component unit of the City of Abilene, Kansas, issued \$7,760,000 of revenue bonds to finance a portion of an expansion and reconstruction of hospital facilities of Hospital District No. 1, Dickinson County, Kansas operating as Abilene Memorial Health System.

Changes in long-term liabilities for the City of Abilene, Kansas, for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>2011 Interest Paid</u>
General Obligation Bonds:										
2005 Series A	Var - 4.1%	6/15/2005	460,000	9/1/2015	\$ 255,000	\$ -	\$ 45,000	\$ (45,000)	\$ 210,000	\$ 8,695
2006 Series	Var - 4.5%	9/1/2006	300,000	9/1/2017	235,000	-	30,000	(30,000)	205,000	9,342
2008 Series B	Var - 4.0%	6/1/2008	3,700,000	6/1/2018	3,090,000	-	310,000	(310,000)	2,780,000	108,690
2009 Series	Var - 4.3%	7/23/2009	1,780,000	9/1/2029	1,720,000	-	70,000	(70,000)	1,650,000	63,647
2010 Series A	Var - 4.6%	4/28/2010	4,055,000	9/1/2030	4,055,000	-	95,000	(95,000)	3,960,000	213,947
2010 Series B	2.50%	4/28/2010	1,395,000	9/1/2013	1,260,000	-	430,000	(430,000)	830,000	31,500
2011 Series	Var - 3.0%	3/25/2011	2,200,000	9/1/2021	-	2,200,000	-	2,200,000	2,200,000	-
Total General Obligation Bonds					10,615,000	2,200,000	980,000	1,220,000	11,835,000	435,821
Revenue Bonds										
Public Building Commission Bond										
Issue - Series 2011	Var - 4.3%	12/09/11	7,760,000	12/01/28	-	7,760,000	-	7,760,000	7,760,000	-
Revolving Loans										
KDHE Project C20 1480 Sewer	3.07%	03/25/98	850,000	03/01/18	304,588	-	34,139	(34,139)	270,449	9,091
KDHE Project 2001 Water	3.98%	12/07/98	1,400,000	02/01/19	720,418	-	72,775	(72,775)	647,643	27,956
KDHE Waste Water Treatment Plant	2.58%	09/01/06	8,620,417	09/01/28	7,740,388	-	355,020	(355,020)	7,385,368	197,427
Total Revolving Loans					8,765,394	-	461,934	(461,934)	8,303,460	234,474
Lease Purchase:										
Quick Attack Fire Truck	4.75%	06/01/09	43,700	06/01/12	29,133	-	14,566	(14,566)	14,567	800
Meter Reader System	3.50%	06/20/04	1,160,433	05/20/14	508,144	-	120,558	(120,558)	387,586	17,785
Street Sweeper	3.89%	12/12/11	122,889	09/01/17	-	122,889	-	122,889	122,889	-
Total Lease Purchase					537,277	122,889	135,124	(12,235)	525,042	18,585
Total Contractual Indebtedness					19,917,671	10,082,889	1,577,058	8,505,831	28,423,502	688,880
Compensated Absences										
Vacation Pay					99,682	-	-	24,857	124,539	-
Sick Pay					25,658	-	-	(2,604)	23,054	-
Total Compensated Absences					125,340	-	-	22,253	147,593	-
Total long-term debt					\$ 20,043,011	\$10,082,889	\$ 1,577,058	\$ 8,528,084	\$ 28,571,095	\$ 688,880

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

10. **LONG TERM DEBT (CONTINUED)**

Current maturities of long-term debt and interest through maturity are as follows:

	Year								
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2030	Total
Principal									
General Obligation Bonds:									
2005 Series A	\$ 50,000	\$ 50,000	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 210,000
2006 Series	30,000	30,000	35,000	35,000	35,000	40,000	-	-	205,000
2008 Series B	330,000	350,000	370,000	395,000	420,000	915,000	-	-	2,780,000
2009 Series	70,000	80,000	80,000	80,000	80,000	470,000	500,000	290,000	1,650,000
2010 Series A	150,000	155,000	155,000	160,000	165,000	940,000	1,135,000	1,100,000	3,960,000
2010 Series B	440,000	390,000	-	-	-	-	-	-	830,000
2011 Series	180,000	205,000	210,000	210,000	215,000	1,180,000	-	-	2,200,000
Total General Obligation Bonds	1,250,000	1,260,000	905,000	935,000	915,000	3,545,000	1,635,000	1,390,000	11,835,000
Revenue Bonds									
Public Building Commission Bond	-	105,000	110,000	105,000	110,000	580,000	4,910,000	1,840,000	7,760,000
Issue - Series 2011	-	105,000	110,000	105,000	110,000	580,000	4,910,000	1,840,000	7,760,000
Revolving Loans									
KDHE Project C20 1480 Sewer	35,195	36,284	37,407	38,564	39,757	83,242	-	-	270,449
KDHE Project 2001 Water	75,700	78,743	81,908	85,201	88,626	237,465	-	-	647,643
KDHE Waste Water Treatment Plant	364,238	373,696	383,400	393,355	406,994	2,181,053	2,479,315	803,317	7,385,368
Total Revolving Loans	475,133	488,723	502,715	517,120	535,377	2,501,760	2,479,315	803,317	8,303,460
Lease Purchase:									
Quick Attack Fire Truck	14,567	-	-	-	-	-	-	-	14,567
Meter Reader System	124,777	129,144	133,665	-	-	-	-	-	387,586
Street Sweeper	19,620	19,108	19,852	20,624	21,426	22,259	-	-	122,889
Total Lease Purchase	158,964	148,252	153,517	20,624	21,426	22,259	-	-	525,042
Total Principal	\$ 1,884,097	\$ 2,001,975	\$ 1,671,232	\$ 1,577,744	\$ 1,581,803	\$ 6,649,019	\$ 9,024,315	\$ 4,033,317	\$ 28,423,502

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

10. **LONG TERM DEBT (CONTINUED)**

Current maturities of long-term debt and interest through maturity are as follows:

	Year								
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2030	Total
Interest									
General Obligation Bonds									
2005 Series A	\$ 7,255	\$ 5,605	\$ 3,905	\$ 1,953	\$ -	\$ -	\$ -	\$ -	\$ 18,718
2006 Series	8,128	6,912	5,728	4,345	4,543	-	-	-	29,656
2008 Series B	96,303	84,515	72,625	59,225	44,135	36,877	-	-	393,680
2009 Series	60,847	58,047	55,648	53,248	51,168	214,538	120,882	25,155	639,533
2010 Series A	157,089	153,339	149,464	144,814	140,014	592,200	394,468	128,725	1,860,113
2010 Series B	20,750	9,750	-	-	-	-	-	-	30,500
2011 Series	67,685	45,078	42,002	38,118	34,232	97,857	-	-	324,972
Total General Obligation Bonds	418,057	363,246	329,372	301,703	274,092	941,472	515,350	153,880	3,297,172
Revenue Bonds									
Public Building Commission Bond	277,375	277,375	276,325	275,115	273,645	1,334,253	959,365	109,512	3,782,965
Issue - Series 2011	277,375	277,375	276,325	275,115	273,645	1,334,253	959,365	109,512	3,782,965
Revolving Loans									
KDHE Project C20 1480 Sewer	8,035	6,946	5,823	4,666	3,473	3,219	-	-	32,162
KDHE Project 2001 Water	25,030	21,988	18,822	15,530	12,105	14,363	-	-	107,838
KDHE Waste Water Treatment Plant	188,208	178,750	169,047	159,091	148,877	581,648	283,449	20,929	1,729,999
Total Revolving Loans	221,273	207,684	193,692	179,287	164,455	599,230	283,449	20,929	1,869,999
Lease Purchase:									
Quick Attack Fire Truck	396	-	-	-	-	-	-	-	396
Meter Reader System	13,565	9,198	4,678	-	-	-	-	-	27,441
Street Sweeper	3,506	4,017	3,274	2,502	1,699	866	-	-	15,864
Total Lease Purchase	17,467	13,215	7,952	2,502	1,699	866	-	-	43,701
Total Interest	934,172	861,520	807,341	758,607	713,891	2,875,821	1,758,164	284,321	8,993,837
Total Principal and Interest Payments	\$ 2,818,269	\$ 2,863,495	\$ 2,478,573	\$ 2,336,351	\$ 2,295,694	\$ 9,524,840	\$ 10,782,479	\$ 4,317,638	\$ 37,417,339

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

11. COMMITMENTS AND CONTINGENCIES

Risk Management

The City of Abilene, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the City has purchased commercial insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

12. LITIGATION

In June 2012 a lawsuit was filed against the City. The City's insurance carrier hired a lawyer to defend the lawsuit and based upon the advice of the attorney, the City plans to vigorously defend the lawsuit. The City believes that a liability is not probable and therefore, has not been accrued.

13. SELF-INSURANCE PROGRAM

In 2010, the City implemented a partially funded self-insurance plan for its employees' health care costs through Kaw Valley Insurance. The City is liable for losses on claims up to \$30,000 per insured and \$515,609 in total for the year. The plan has fixed costs of \$183,708. The City has third-party insurance coverage for any losses in excess of such amounts. Management believes claims incurred, but not reported, are insignificant at December 31, 2011. Changes in claims liability for 2011 and 2010 were as follows:

	2011	2010
Beginning Balance	\$ 73,267	\$ -
Additions	860,517	654,593
Payments	774,058	581,326
Ending Balance	\$ 159,726	\$ 73,267

In 2010, the City entered into an agreement with American Family Life Assurance Company (AFLAC) to offer a Flexible Benefits Plan to its employees. In order to establish the plan, the City contributed \$500 for each employee.

14. COMPENSATED ABSENCES

The City's policy regarding vacation and leave allows employees to accumulate vacation and sick leave based on years of continuous service as follows:

Vacation Time:

Vacation leave is earned by the month. If an employee leaves the City, they are entitled to a payment of all accrued vacation pay earned prior to termination or resignation.

<u>Years of Continuous Service</u>	<u>Vacation Days Accrued (hours / year)</u>	
	<u>Regular</u>	<u>Fire Department</u>
0 – 10	80	74
10 – 20	120	111
20+	160	148

The dollar amount of accrued vacation at December 31, 2011 was \$124,539.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011

15. **COMPENSATED ABSENCES (CONTINUED)**

Sick Leave:

Sick leave is accrued at a rate of 8.0 hours per month for all employees, up to a maximum of 120 days (960 hours). Sick leave accumulated is not paid to employees except upon retirement or separation after twenty or more years or regular service, in which the employee shall receive payment for 25% of the unused sick leave – up to a maximum of one calendar month's salary.

The dollar amount of accrued sick leave at December 31, 2011 was \$23,054.

16. **ABILENE RECREATION COMMISSION**

The Abilene Recreation Commission amended its inter-local agreement with the City of Abilene, effective December 19, 2007. Under this agreement, the City of Abilene receives funds from and for the Abilene Recreation Commission and pays their expenditures per their budget at their direction within the Recreation Commission fund of the City. All Recreation Commission funds are held by the City of Abilene.

Management of the Commission is carried out by an appointed five member Commission. The City appoints two members, the UDS 435 Board of Education appoints two members, and the fifth member is appointed collectively by the other four members of the Commission. The primary source of funding is provided by tax levies through the UDS 435 Board of Education. These tax levies are forwarded by the Rec Commission to the City and are recorded as Contract Payments in the Recreation Commission fund on page 24 of the supplemental schedules.

The Commission utilizes the City's facilities at no cost to the Commission; however, the Commission does pay for certain repairs and maintenance of the facilities.

17. **ABILENE, KANSAS PUBLIC BUILDING COMMISSION BONDS**

On January 5, 2012, the PBC issued \$10,000,000 of revenue bonds Series 2012 (interest rates varying from 4.45 to 5.025%) for the benefit of the Hospital. A trust indenture dated December 1, 2011 requires the Hospital to transfer monthly payments to the Trustee, UMB Bank, N.A., beginning July 1, 2012 sufficient to pay the principal and interest due on the bonds on the appropriate dates, thru December 1, 2031.

The City's management has evaluated subsequent events through August 10, 2012, the date the financial statement was available to be issued.

SUPPLEMENTAL INFORMATION

CITY OF ABILENE, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
General Fund	\$ 6,005,860	-	6,005,860	4,655,930	(1,349,930)
Special Revenue Funds:					
Airport Fund	1,231,090	-	1,231,090	1,177,853	(53,237)
Fire Apparatus	60,091	-	60,091	15,366	(44,725)
Special Park and Recreation	47,042	-	47,042	44,605	(2,437)
Special Alcohol and Drug	23,937	-	23,937	6,053	(17,884)
Library	267,642	-	267,642	259,256	(8,386)
Tourism and Convention	260,000	-	260,000	252,728	(7,272)
Special Street	617,822	-	617,822	428,625	(189,197)
Recreation	528,252	-	528,252	403,310	(124,942)
Special Liability	16,068	-	16,068	-	(16,068)
Capital Improvement	425,744	-	425,744	-	(425,744)
Equipment Reserve	326,731	-	326,731	159,457	(167,274)
Community Center	148,666	-	148,666	-	(148,666)
Library / Pool Renovation	418,690	-	418,690	418,690	-
Debt Service Fund:					
Bond and Interest	692,259	-	692,259	691,613	(646)
Proprietary Type Funds:					
Enterprise Funds:					
Water Utility	1,700,590.0	-	1,700,590	1,645,343	(55,247)
Wastewater Utility	3,237,266	-	3,237,266	1,417,163	(1,820,103)
Equipment Reserve - Water	778,355	-	778,355	14,607	(763,748)
Equipment Reserve - Sewer	230,319	-	230,319	-	(230,319)
Recycling Fund	375,212	-	375,212	120,831	(254,381)
Storm Drain	572,335	-	572,335	10,528	(561,807)

CITY OF ABILENE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
<u>GENERAL FUND</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts:				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 1,319,124	1,274,758	1,316,006	(41,248)
Delinquent Tax	14,753	13,438	10,000	3,438
Motor Vehicle Tax	142,791	163,175	185,965	(22,790)
Intergovernmental Revenue				
Local Sales Tax	1,203,311	1,211,990	1,150,000	61,990
Franchise Tax	543,576	641,010	621,600	19,410
KLINK - Highway Maintenance	30,750	30,750	30,500	250
Liquor Control Tax	16,754	12,539	16,000	(3,461)
Federal/State/County Aid	389,717	94,226	347,995	(253,769)
Licenses and Fees				
Licenses and Permits	28,437	58,108	17,150	40,958
Fines and Penalties	156,990	163,332	201,900	(38,568)
Charges for Services	16,089	15,150	9,700	5,450
Use of Money and Property				
Interest Income	38,121	28,315	25,000	3,315
Rent	6,620	3,911	5,500	(1,589)
Other Receipts				
Grants	35,594	37,618	41,000	(3,382)
Bond Proceeds	-	2,201,100	-	2,201,100
Contributions	-	2,350	-	2,350
Reimbursed Expenditures	25,324	69,239	15,500	53,739
Insurance Proceeds	-	425,118	-	425,118
Service Charge - Hospital	-	2,700	-	2,700
Miscellaneous	23,807	33,242	11,917	21,325
Transfer from	166,980	165,380	165,380	-
Total Cash Receipts	<u>4,158,738</u>	<u>6,647,449</u>	<u>4,171,113</u>	<u>2,476,336</u>

CITY OF ABILENE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
GENERAL FUND	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Departmental Expenditures				
Administrative				
Salaries and Benefits	311,234	241,708	227,232	14,476
Contractual Services	5,546	4,662	7,500	(2,838)
Services and Supplies	135,189	686,009	157,400	528,609
Capital Outlay	398,985	150,576	1,456,343	(1,305,767)
Total	<u>850,954</u>	<u>1,082,955</u>	<u>1,848,475</u>	<u>(765,520)</u>
Police				
Salaries and Benefits	858,549	952,734	1,007,714	(54,980)
Services and Supplies	118,318	131,005	140,750	(9,745)
Capital Outlay	2,416	26,655	2,400	24,255
Total	<u>979,283</u>	<u>1,110,394</u>	<u>1,150,864</u>	<u>(40,470)</u>
Fire				
Salaries and Benefits	495,555	554,122	565,107	(10,985)
Services and Supplies	52,018	71,240	72,950	(1,710)
Capital Outlay	9,598	14,890	20,100	(5,210)
Total	<u>557,171</u>	<u>640,252</u>	<u>658,157</u>	<u>(17,905)</u>
Streets and Alley				
Salaries and Benefits	312,299	349,934	355,943	(6,009)
Contractual Services	576	-	-	-
Services and Supplies	255,065	300,845	254,550	46,295
Capital Outlay	218,358	37,369	459,200	(421,831)
Total	<u>786,298</u>	<u>688,148</u>	<u>1,069,693</u>	<u>(381,545)</u>
Bindweed and Flood Maintenance				
Salaries and Benefits	60,782	56,915	78,739	(21,824)
Services and Supplies	52,834	43,314	47,825	(4,511)
Capital Outlay	2,716	-	-	-
Total	<u>116,332</u>	<u>100,229</u>	<u>126,564</u>	<u>(26,335)</u>
Parks and Recreation				
Salaries and Benefits	125,582	145,686	158,318	(12,632)
Contractual Services	-	-	1,000	(1,000)
Services and Supplies	66,206	60,510	72,050	(11,540)
Capital Outlay	-	42,300	35,000	7,300
Total	<u>191,788</u>	<u>248,496</u>	<u>266,368</u>	<u>(17,872)</u>
Pool				
Services and Supplies	8,901	9,335	17,750	(8,415)
Total	<u>8,901</u>	<u>9,335</u>	<u>17,750</u>	<u>(8,415)</u>

CITY OF ABILENE, KANSAS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	<u>2010</u>	<u>2011</u>	<u>Variance -</u>
<u>GENERAL FUND</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
			<u>Over</u>
			<u>(Under)</u>
Departmental Expenditures			
Community Development			
Salaries and Benefits	135,502	125,726	169,162
Contractual Services	-	3,159	-
Services and Supplies	15,416	19,137	20,050
Total	<u>150,918</u>	<u>148,022</u>	<u>189,212</u>
Inspection			
Salaries and Benefits	57,875	63,052	78,453
Contractual Services	-	-	15,000
Services and Supplies	8,842	23,130	28,050
Total	<u>66,717</u>	<u>86,182</u>	<u>121,503</u>
Municipal Court			
Salaries and Benefits	74,816	78,191	80,897
Contractual Services	4,282	5,331	4,000
Services and Supplies	43,440	50,805	72,625
Total	<u>122,538</u>	<u>134,327</u>	<u>157,522</u>
Senior Center and Transportation			
Salaries and Benefits	37,176	48,596	40,852
Contractual Services	6,600	7,800	8,000
Services and Supplies	40,130	43,824	47,500
Total	<u>83,906</u>	<u>100,220</u>	<u>96,352</u>
Civic Center			
Services and Supplies	27,702	30,080	37,900
Capital Outlay	7,356	11,790	-
Total	<u>35,058</u>	<u>41,870</u>	<u>37,900</u>
Other Expenditures			
Transfer to	272,000	265,500	265,500
Total Expenditures	<u>4,221,864</u>	<u>4,655,930</u>	<u>6,005,860</u>
Receipts Over (Under) Expenditures	(63,126)	1,991,519	-
Unencumbered Cash, January 1	2,163,662	2,100,536	-
Unencumbered Cash, December 31	<u>\$ 2,100,536</u>	<u>4,092,055</u>	<u>(1,349,930)</u>

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
<u>AIRPORT</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts:				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 23,377	23,267	24,000	(733)
Delinquent Tax	347	265	100	165
Motor Vehicle Tax	3,153	3,073	3,295	(222)
Intergovernmental Revenue				
Federal Aviation Administration	39,824	772,249	1,140,000	(367,751)
KDOT Funds	10,000	3,000	-	3,000
Other Receipts				
Contract Payments	11,275	13,385	12,340	1,045
Reimbursed Expenses	15	37	-	37
Interest Income	127	54	100	(46)
Total Cash Receipts	<u>88,118</u>	<u>815,330</u>	<u>1,179,835</u>	<u>364,505</u>
Expenditures:				
Services and Supplies	22,784	28,303	26,250	2,053
Capital Outlay	94,477	1,149,550	1,204,840	(55,290)
Total Expenditures	<u>117,261</u>	<u>1,177,853</u>	<u>1,231,090</u>	<u>(53,237)</u>
Receipts Over (Under) Expenditures	(29,143)	(362,523)		
Unencumbered Cash, January 1	83,477	54,334		
Unencumbered Cash, December 31	<u>\$ 54,334</u>	<u>(308,189)</u>		

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
	Actual	Actual	Budget	Over (Under)
<u>FIRE APPARATUS</u>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 29,233	29,084	30,000	(916)
Delinquent Tax	421	330	-	330
Motor Vehicle Tax	3,942	3,843	4,119	(276)
Interest Income	59	77	200	(123)
Total Cash Receipts	<u>33,655</u>	<u>33,334</u>	<u>34,319</u>	<u>(985)</u>
Expenditures:				
Capital Outlay	<u>15,771</u>	<u>15,366</u>	<u>60,091</u>	<u>(44,725)</u>
Receipts Over (Under) Expenditures	17,884	17,968		
Unencumbered Cash, January 1	25,818	43,702		
Unencumbered Cash, December 31	<u>\$ 43,702</u>	<u>61,670</u>		
<u>SPECIAL PARK AND RECREATION</u>				
Cash Receipts:				
Alcohol Tax	\$ 16,754	13,321	16,000	(2,679)
Interest Income	36	45	100	(55)
Sale of Property	-	19,820	-	19,820
Gifts and Donations	-	20,105	-	20,105
Total Cash Receipts	<u>16,790</u>	<u>53,291</u>	<u>16,100</u>	<u>37,191</u>
Expenditures:				
Capital Outlay	<u>13,592</u>	<u>44,605</u>	<u>47,042</u>	<u>(2,437)</u>
Receipts Over (Under) Expenditures	3,198	8,686		
Unencumbered Cash, January 1	28,692	31,890		
Unencumbered Cash, December 31	<u>\$ 31,890</u>	<u>40,576</u>		

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>SPECIAL ALCOHOL AND DRUG</u>				
Cash Receipts:				
Alcohol Tax	\$ 16,754	12,539	16,000	(3,461)
Interest Income	25	34	75	(41)
Total Cash Receipts	<u>16,779</u>	<u>12,573</u>	<u>16,075</u>	<u>(3,502)</u>
Expenditures:				
Awards and Contributions	4,500	1,500	8,732	(7,232)
D.A.R.E. Activities	939	3,000	4,000	(1,000)
Capital Outlay	-	1,553	11,205	(9,652)
Total Expenditures	<u>5,439</u>	<u>6,053</u>	<u>23,937</u>	<u>(17,884)</u>
Receipts Over (Under) Expenditures	11,340	6,520		
Unencumbered Cash, January 1	14,564	25,904		
Unencumbered Cash, December 31	<u>\$ 25,904</u>	<u>32,424</u>		
 <u>LIBRARY</u>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 228,356	226,409	233,744	(7,335)
Delinquent Tax	3,120	2,556	1,700	856
Motor Vehicle Tax	31,823	30,291	32,198	(1,907)
Total Cash Receipts	<u>263,299</u>	<u>259,256</u>	<u>267,642</u>	<u>(8,386)</u>
Expenditures:				
Transfer to component units	<u>263,299</u>	<u>259,256</u>	<u>267,642</u>	<u>(8,386)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, January 1	-	-		
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>		

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>TOURISM AND CONVENTION</u>				
Cash Receipts:				
Transient Guest Tax	\$ 152,832	143,616	140,000	3,616
Charges for Services	18,464	19,657	16,500	3,157
Gifts and Donations	64	65	50	15
Interest Income	43	22	50	(28)
Reimbursed Expenses	29,509	45,448	35,760	9,688
Miscellaneous Revenue	4,240	1,475	3,000	(1,525)
Transfer from	25,000	25,000	25,000	-
Total Cash Receipts	<u>230,152</u>	<u>235,283</u>	<u>220,360</u>	<u>14,923</u>
Expenditures:				
Salaries and Benefits	107,529	114,954	115,139	(185)
Services and Supplies	104,780	126,168	130,312	(4,144)
Capital Outlay	1,840	2,461	2,549	(88)
Trolley Expenses	7,593	9,145	12,000	(2,855)
Total Expenditures	<u>221,742</u>	<u>252,728</u>	<u>260,000</u>	<u>(7,272)</u>
Receipts Over (Under) Expenditures	8,410	(17,445)		
Unencumbered Cash, January 1	12,738	21,148		
Unencumbered Cash, December 31	<u>\$ 21,148</u>	<u>3,703</u>		
<u>SPECIAL STREET</u>				
Cash Receipts:				
Fuel Tax	\$ 170,084	171,100	174,390	(3,290)
KDOT Funds	-	252,424	325,000	(72,576)
Interest Income	4,363	2,583	900	1,683
Reimbursed Expenses	-	92	-	92
Total Cash Receipts	<u>174,447</u>	<u>426,199</u>	<u>500,290</u>	<u>(74,091)</u>
Expenditures:				
Contractual Services	35,942	28,697	20,000	8,697
Services and Supplies	15,754	15,126	16,000	(874)
Capital Outlay	42,250	384,802	581,822	(197,020)
Total Expenditures	<u>93,946</u>	<u>428,625</u>	<u>617,822</u>	<u>(189,197)</u>
Receipts Over (Under) Expenditures	80,501	(2,426)		
Unencumbered Cash, January 1	55,722	136,224		
Unencumbered Cash, December 31	<u>\$ 136,223</u>	<u>133,798</u>		

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
RECREATION COMMISSION				
Cash Receipts:				
Contract Payments	\$ 230,326	230,721	237,571	(6,850)
Fees	196,953	169,667	178,350	(8,683)
Interest Income	304	254	1,500	(1,246)
Grants	250	-	1,500	(1,500)
Total Cash Receipts	<u>427,833</u>	<u>400,642</u>	<u>418,921</u>	<u>(18,279)</u>
Expenditures:				
Administration				
Salaries and Benefits	166,180	171,863	196,493	(24,630)
Contractual Services	2,500	2,850	2,500	350
Services and Supplies	40,753	28,620	42,460	(13,840)
Capital Outlay	-	-	2,500	(2,500)
Aquatics				
Salaries and Benefits	54,637	65,754	67,196	(1,442)
Services and Supplies	24,505	22,432	26,500	(4,068)
Athletics				
Salaries and Benefits	32,115	21,888	33,598	(11,710)
Services and Supplies	34,146	32,122	43,000	(10,878)
Capital Outlay	2,963	1,040	2,000	(960)
Community Education				
Salaries and Benefits	3,442	2,732	6,720	(3,988)
Services and Supplies	3,259	2,783	7,000	(4,217)
Community Center				
Salaries and Benefits	41,038	7,986	46,810	(38,824)
Contractual Services	800	-	1,000	(1,000)
Services and Supplies	38,727	43,240	50,475	(7,235)
Special Projects	9,035	-	-	-
Total Expenditures	<u>454,100</u>	<u>403,310</u>	<u>528,252</u>	<u>(124,942)</u>
Receipts Over (Under) Expenditures	(26,267)	(2,668)		
Unencumbered Cash, January 1	160,286	134,019		
Unencumbered Cash, December 31	<u>\$ 134,019</u>	<u>131,351</u>		

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
<u>SPECIAL LIABILITY</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts:				
Interest Income	\$ -	-	-	-
Expenditures:				
Insurance Claims	-	-	16,068	(16,068)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, January 1	16,067	16,067		
Unencumbered Cash, December 31	<u>\$ 16,067</u>	<u>16,067</u>		
 <u>CAPITAL IMPROVEMENT</u>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 24,336	24,170	25,000	(830)
Delinquent Tax	413	275	-	275
Motor Vehicle Tax	3,399	3,201	3,432	(231)
Interest Income	422	410	500	(90)
Transfers In	-	100,000	100,000	-
Total Cash Receipts	<u>28,570</u>	<u>128,056</u>	<u>128,932</u>	<u>(876)</u>
Expenditures:				
Special Projects	-	-	425,744	(425,744)
Receipts Over (Under) Expenditures	28,570	128,056		
Unencumbered Cash, January 1	267,786	296,356		
Unencumbered Cash, December 31	<u>\$ 296,356</u>	<u>424,412</u>		

CITY OF ABILENE, KANSAS

SPECIAL REVENUE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>EQUIPMENT RESERVE</u>				
Cash Receipts:				
Interest Income	\$ 274	196	700	(504)
Transfers	247,000	140,500	140,500	-
Total Cash Receipts	247,274	140,696	141,200	504
Expenditures:				
Capital Outlay	232,538	159,457	326,731	(167,274)
Receipts Over (Under) Expenditures	14,736	(18,761)		
Unencumbered Cash, January 1	155,530	170,266		
Unencumbered Cash, December 31	\$ 170,266	151,505		
<u>COMMUNITY CENTER</u>				
Cash Receipts:				
Interest Income	\$ 225	199	250	(51)
Expenditures:				
Capital Outlay	-	-	148,666	(148,666)
Receipts Over (Under) Expenditures	225	199		
Unencumbered Cash, January 1	153,165	153,390		
Unencumbered Cash, December 31	\$ 153,390	153,589		
<u>LIBRARY / POOL RENOVATION</u>				
Cash Receipts:				
Sales Tax Distribution	\$ 439,021	454,327	420,000	34,327
Project Close Out	182,386	-	-	-
Interest Income	253	212	400	(188)
Total Cash Receipts	621,660	454,539	420,400	34,139
Expenditures:				
Bond Principal	290,000	310,000	310,000	-
Bond Interest	120,689	108,690	108,690	-
Total Expenditures	410,689	418,690	418,690	-
Receipts Over (Under) Expenditures	210,971	35,849		
Unencumbered Cash, January 1	-	210,971		
Unencumbered Cash, December 31	\$ 210,971	246,820		

CITY OF ABILENE, KANSAS

DEBT SERVICE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>BOND AND INTEREST</u>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 64,807	129,663	133,944	(4,281)
Delinquent Tax	431	550	200	350
Motor Vehicle Tax	1,910	6,499	9,134	(2,635)
Special Assessments	247,198	535,461	501,522	33,939
Impact Fees	31,639	-	-	-
Reimbursed Expenses	4,889	-	-	-
Interest Income	3,674	2,488	4,000	(1,512)
Total Cash Receipts	<u>354,548</u>	<u>674,661</u>	<u>648,800</u>	<u>25,861</u>
Expenditures:				
Bond Principal	270,000	385,000	385,000	-
Bond Interest	115,925	306,613	306,759	(146)
Commission and Postage	-	-	500	(500)
Total Expenditures	<u>385,925</u>	<u>691,613</u>	<u>692,259</u>	<u>(646)</u>
Receipts Over (Under) Expenditures	(31,377)	(16,952)		
Unencumbered Cash, January 1	<u>78,792</u>	<u>47,415</u>		
Unencumbered Cash, December 31	<u>\$ 47,415</u>	<u>30,463</u>		

CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
<u>LIBRARY RENOVATION</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts:				
Interest Income	\$ 114	-	-	-
Reimbursed Expenses	41,230	-	-	-
Total Cash Receipts	<u>41,344</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital Outlay	147,338	-	-	-
Administrative Fees	-	-	-	-
Excess Project Funds to Special Revenue	182,386	-	-	-
Bond and Interest Reimbursement	-	-	-	-
Total Expenditures	<u>329,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	(288,380)	-		
Unencumbered Cash, January 1	288,380	-		
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>		

CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUNDS
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	<u>2010</u>	<u>2011</u>
<u>THE HIGHLANDS ADDITION*</u>		
Cash Receipts:		
Interest Income	\$ 892	530
Miscellaneous Revenue	42,464	7
Total Cash Receipts	<u>43,356</u>	<u>537</u>
Expenditures:		
Contractual Services	-	300
Services and Supplies	373	-
Special Assessments Paid	128,551	261,999
Administrative Fees	65,221	518
Total Expenditures	<u>194,145</u>	<u>262,817</u>
Receipts Over (Under) Expenditures	(150,789)	(262,280)
Unencumbered Cash, January 1	657,161	506,372
Unencumbered Cash, December 31	<u>\$ 506,372</u>	<u>244,092</u>
<u>AUTOMATED METER READER SYSTEM*</u>		
Cash Receipts:		
Interest Income	\$ -	-
Expenditures:		
Transfer To Water	8,412	-
Receipts Over (Under) Expenditures	(8,412)	-
Unencumbered Cash, January 1	8,412	-
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>
<u>PBC HOSPITAL PROJECT*</u>		
Cash Receipts:		
Bond Issue	\$ -	7,760,000
Expenditures:		
Bond Issue Costs	-	114,367
Receipts Over (Under) Expenditures	-	7,645,633
Unencumbered Cash, January 1	-	-
Unencumbered Cash, December 31	<u>\$ -</u>	<u>7,645,633</u>

* Not Budgeted

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>WATER UTILITY</u>				
Cash Receipts:				
Charges for Services	\$ 1,242,971	1,496,748	1,460,750	35,998
Sales Tax	747	273	9,000	(8,727)
Fines and Penalties	22,070	23,941	20,000	3,941
Reimbursed Expenses	8,042	6,681	3,000	3,681
Interest Income	12,238	10,874	15,000	(4,126)
Miscellaneous Income	13,162	13,730	6,500	7,230
Transfer From	308,412	-	186,340	(186,340)
Total Cash Receipts	<u>1,607,642</u>	<u>1,552,247</u>	<u>1,700,590</u>	<u>(148,343)</u>
Expenditures:				
Wells Production and Water Treatment Plant				
Salaries and Benefits	138,542	156,053	150,168	5,885
Contractual Services	-	-	-	-
Services and Supplies	199,597	213,308	238,075	(24,767)
Capital Outlay	12,508	45,560	143,000	(97,440)
Water Distribution				
Salaries and Benefits	130,157	147,677	168,173	(20,496)
Services and Supplies	195,215	186,670	113,350	73,320
Capital Outlay	45,237	50,957	40,000	10,957
Commercial				
Salaries and Benefits	132,319	142,428	134,432	7,996
Contractual Services	4,050	4,133	5,500	(1,367)
Services and Supplies	78,363	81,462	80,900	562
Capital Outlay	-	-	-	-
Debt Service				
Principal Payments	334,963	357,776	357,776	-
Interest Payments	53,467	46,017	45,873	144
Commissions and Postage	2,706	2,458	2,559	(101)
Lease Purchase	138,343	138,344	148,284	(9,940)
Transfers	85,000	72,500	72,500	-
Total Expenditures	<u>1,550,467</u>	<u>1,645,343</u>	<u>1,700,590</u>	<u>(55,247)</u>
Receipts Over (Under) Expenditures	57,175	(93,096)		
Unencumbered Cash, January 1	189,296	246,471		
Unencumbered Cash, December 31	<u>\$ 246,471</u>	<u>153,375</u>		

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>WASTEWATER UTILITY</u>				
Cash Receipts:				
Charges for Services	\$ 1,478,054	1,444,573	1,460,500	(15,927)
Interest Income	11,593	12,509	10,000	2,509
Reimbursed Expenses	11,821	8,916	-	8,916
Refunds	33	60	-	60
Total Cash Receipts	<u>1,501,501</u>	<u>1,466,058</u>	<u>1,470,500</u>	<u>(4,442)</u>
Expenditures:				
Collection				
Salary and Benefits	53,525	59,919	67,967	(8,048)
Services and Supplies	28,712	32,739	41,100	(8,361)
Capital Outlay	46,566	50,852	50,000	852
Wastewater Treatment Plant				
Salary and Benefits	97,154	122,834	143,721	(20,887)
Services and Supplies	241,477	252,993	261,900	(8,907)
Capital Outlay	6,921	2,075	3,200	(1,125)
Commercial				
Salary and Benefits	122,996	130,883	134,434	(3,551)
Contractual Services	4,050	4,133	5,500	(1,367)
Services and Supplies	63,170	45,595	58,750	(13,155)
Capital Outlay	231	10,465	1,761,327	(1,750,862)
Debt Service				
Principal Payments	383,748	389,159	392,172	(3,013)
Interest Payments	195,782	186,647	188,161	(1,514)
Commissions	20,834	19,869	20,034	(165)
Transfers	<u>109,000</u>	<u>109,000</u>	<u>109,000</u>	<u>-</u>
Total Expenditures	<u>1,374,166</u>	<u>1,417,163</u>	<u>3,237,266</u>	<u>(1,820,103)</u>
Receipts Over (Under) Expenditures	127,335	48,895		
Unencumbered Cash, January 1	<u>1,761,391</u>	<u>1,888,726</u>		
Unencumbered Cash, December 31	<u>\$ 1,888,726</u>	<u>1,937,621</u>		

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>EQUIPMENT RESERVE - WATER</u>				
Cash Receipts:				
Interest Income	\$ 1,275	708	4,050	(3,342)
Transfers	10,000	-	-	-
Total Cash Receipts	<u>11,275</u>	<u>708</u>	<u>4,050</u>	<u>(3,342)</u>
Expenditures:				
Capital Outlay	57,899	14,607	592,015	(577,408)
Transfers To	300,000	-	186,340	(186,340)
Total Expenditures	<u>357,899</u>	<u>14,607</u>	<u>778,355</u>	<u>(763,748)</u>
Receipts Over (Under) Expenditures	(346,624)	(13,899)		
Unencumbered Cash, January 1	907,904	561,280		
Prior Year Cancelled Encumbrances		360		
Unencumbered Cash, December 31	<u>\$ 561,280</u>	<u>547,741</u>		
 <u>EQUIPMENT RESERVE - SEWER</u>				
Cash Receipts:				
Interest Income	\$ 284	263	1,000	(737)
Transfers	25,000	25,000	25,000	-
Total Cash Receipts	<u>25,284</u>	<u>25,263</u>	<u>26,000</u>	<u>(737)</u>
Expenditures	<u>-</u>	<u>-</u>	<u>230,319</u>	<u>(230,319)</u>
Receipts Over (Under) Expenditures	25,284	25,263		
Unencumbered Cash, January 1	177,819	203,103		
Unencumbered Cash, December 31	<u>\$ 203,103</u>	<u>228,366</u>		

CITY OF ABILENE, KANSAS

ENTERPRISE FUNDS

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2010)

	2010	2011		Variance -
				Over
	Actual	Actual	Budget	(Under)
<u>RECYCLING</u>				
Cash Receipts:				
Charges for Services	\$ 57,431	57,346	56,000	1,346
Interest Income	489	448	500	(52)
Reimbursed Expenses	-	44	-	44
Miscellaneous Income	40,008	66,279	25,000	41,279
Total Cash Receipts	<u>97,928</u>	<u>124,117</u>	<u>81,500</u>	<u>42,617</u>
Expenditures:				
Salaries and Benefits	42,584	45,125	50,739	(5,614)
Contractual Services	23,833	26,000	40,000	(14,000)
Services and Supplies	22,362	24,520	26,600	(2,080)
Capital Outlay	350	20,326	253,013	(232,687)
Transfers	3,960	4,860	4,860	-
Total Expenditures	<u>93,089</u>	<u>120,831</u>	<u>375,212</u>	<u>(254,381)</u>
Receipts Over (Under) Expenditures	4,839	3,286		
Unencumbered Cash, January 1	329,332	334,171		
Unencumbered Cash, December 31	<u>\$ 334,171</u>	<u>337,457</u>		
<u>STORM DRAIN</u>				
Cash Receipts:				
Charges for Services	\$ 66,622	68,458	67,000	1,458
Reimbursed Expenses	-	9,020	-	9,020
Interest Income	701	654	2,500	(1,846)
Total Cash Receipts	<u>67,323</u>	<u>78,132</u>	<u>69,500</u>	<u>8,632</u>
Expenditures:				
Contractual Services	-	4,100	15,000	(10,900)
Capital Outlay	46,441	2,408	553,315	(550,907)
Transfers	4,020	4,020	4,020	-
Total Expenditures	<u>50,461</u>	<u>10,528</u>	<u>572,335</u>	<u>(561,807)</u>
Receipts Over (Under) Expenditures	16,862	67,604		
Unencumbered Cash, January 1	451,854	468,716		
Prior Year Cancelled Encumbrances		3,399		
Unencumbered Cash, December 31	<u>\$ 468,716</u>	<u>539,719</u>		

CITY OF ABILENE, KANSAS

AGENCY FUNDS
SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
<u>AGENCY FUND</u>				
Landfill	<u>\$ 5,322</u>	<u>34,287</u>	<u>34,264</u>	<u>\$ 5,345</u>

SINGLE AUDIT SECTION

CITY OF ABILENE, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
Passed through Kansas Housing Resource Corporation			
HOME Investment Partnership Program	14.239		<u>\$ 76,212</u>
U.S. Department of Transportation/Federal Aviation Administration/Airports Division			
Airport Improvement Program	20.106	3-20-0001-06-2009	50,975
	20.106	3-20-0001-07-2010	763,514
	20.106	3-20-0001-08-2011	31,039
Total U.S. Department of Transportation			<u>845,528</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 921,740</u></u>

The accompanying notes are an integral part of this schedule.

CITY OF ABILENE, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The City of Abilene, Kansas (City) under programs of the federal government for the year ended December 31, 2011. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in the financial position of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same basis as the financial statements accompanying this schedule, except that encumbrances (commitments related to unperformed contracts for goods and services evidenced by a contract) are not included.



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Pottberg, Gassman & Hoffman, Chtd.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
ITS MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

Compliance

We have audited the City of Abilene's (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2011. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Kansas Municipal Audit Guide; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control over Compliance

Management of the City of Abilene is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on its major federal program to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do

not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, City Commission, others within the entity, and its federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Manhattan, Kansas
August 10, 2012



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Abilene, Kansas (City) as of and for the year ended December 31, 2011, and have issued our report thereon dated August 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questions costs to be material weaknesses: 2011-1, 2011-2, 2011-3 and 2011-4.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Abilene's financial statements are free of material misstatement, we performed tests of its compliance with

certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Abilene in a separate letter dated August 10, 2012.

City of Abilene's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit their response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Commission, others within the entity, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Manhattan, Kansas
August 10, 2012

CITY OF ABILENE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statement of City of Abilene, Kansas and its component unit, the Public Building Commission.
2. The **Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards** contains material weaknesses listed below in Section II.
3. No instances of noncompliance material to the financial statement of City of Abilene, Kansas were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit and no material weaknesses were reported in the **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on its Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**.
5. The auditors' report on compliance for the major federal award program for the City of Abilene, Kansas expresses an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this schedule.
7. The program tested as a major program was US Department of Transportation, Federal Aviation Administration, Airport Division, Airport Improvement Program CFDA 20.106.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Abilene, Kansas did not qualify as a low-risk auditee.

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

2011-1

- Criteria – Timely preparation of complete and accurate bank reconciliations and review by an individual independent of the process is a key to maintaining adequate control over both cash receipts and disbursements.
- Condition – During 2011, bank account reconciliations were prepared, however, there were unreconciled differences every month and a second individual did not review the reconciliations for accuracy and completeness.
- Context - In testing internal controls as required by government auditing standards, bank statements and their respective reconciliations were selected for review of documentation of internal control procedures.
- Effect – The cash balance was overstated by \$33,897.
- Cause – Multiple adjustments were posted to cash that management was unable to reconcile and were left as outstanding at year-end.

CITY OF ABILENE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS **FOR THE YEAR ENDED DECEMBER 31, 2011**

- Recommendation – Management should implement a review process for bank reconciliations each month, and all unreconciled differences should be resolved or adjusted.
- Response – Procedures have been implemented whereby the Finance Director will reconcile bank statements monthly with a report to be submitted to the City Manager for review for accuracy and completeness.

2011-2

- Criteria – The statutory basis of accounting used by management requires that encumbrances (unperformed contracts for goods and services, usually evidenced by a purchase order or written contract) be posted at year-end.
- Condition – As of December 31, 2011 there were \$142,367 of expenditures posted to three funds that had been encumbered in the prior year.
- Context - In testing internal controls as required by government auditing standards, accounts payable balances were selected for review of documentation of internal control procedures.
- Effect – Fund balances for the three funds were understated by \$142,367.
- Cause – Cash disbursements are not reviewed against prior year encumbrances before they are posted.
- Recommendation – A detailed list of encumbrances from the prior year should be reviewed during the cash disbursement process to determine if posting should be to a current year expenditure or accounts payable.
- Response – During 2011, the Prior-Year-Encumbrance list was the responsibility of the Finance Director. The list is now being shared by the Deputy Finance Director who also serves as the Accounts Payable Clerk which will serve as a double check to ensure all prior year encumbered expenses are posted to the proper accounts.

2011-3

- Criteria – State of Kansas Statutes require that all municipal entities having cash receipts of \$275,000 or more have an audit of their financial statements and submit the report to the state no later than December 31 of the following year.
- Condition – As of August 1, 2012, no provision had been made for an audit of the City's component unit, the Public Building Commission (PBC), either as a stand-alone entity or to be included in the City's audited financial statements.
- Context - In reading the City's minutes, it was noted that a resolution authorizing issuance of revenue bonds was signed by the Public Building Commission on November 14, 2011 in the amounts of \$7,760,000 and \$10,000,000 to be issued in 2011 and 2012 respectively. It was then noted on the City's website that the first bonds had been issued in December 2011, yet the Capital Project Fund for the PBC Hospital Project did not show receipt of the cash, nor were there any separate financial reports for the PBC.
- Effect – The capital projects fund, PBC Hospital Project cash receipts and ending cash balance were understated by \$7,760,000.

CITY OF ABILENE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS **FOR THE YEAR ENDED DECEMBER 31, 2011**

- Cause – Internal controls over compliance did not allow Management's review of the state statutes and/or the Kansas Municipal Audit Guide to recognize the audit requirement of the PBC bond issue.
- Recommendation – The copy of the current Kansas Municipal Audit Guide including its statutory compliance checklists should be kept for reference and reviewed each year for treatment of new transactions and as a year-end check for any items that may have been missed during the year.
- Response – A draft copy of the 2013 Kansas Municipal Audit Guide, with statutory compliance checklists, has been obtained for use as a reference and will be utilized as a year-end checklist for any items that may have been missed during the year.

2011-4

- Criteria – Preparation of the schedule of expenditures of federal awards requires review of expenditures so that encumbrances are not included and accounts payable are included.
- Condition – \$409,696 was encumbered for expenditures of federal awards.
- Context - During compliance testing of federal award expenditures, an item selected for testing was documented by a construction contract that had not yet begun. This amount had not been requested for reimbursement.
- Effect – Federal award expenditures were overstated by \$320,978.
- Cause – Management did not understand the basis of accounting they were using in preparation of the schedule of expenditures of federal awards.
- Recommendation – Management should review all federal award contracts and invoices at year-end for correct classification as encumbrances or accounts payable.
- Response – In the future, the Finance Director will review all federal award contracts and invoices at the end of the year and prepare a detailed report to ensure correct classification as either encumbrances or accounts payable. The report will be presented to the City Manager for Additional review.

SECTION III – MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

None reported.